

# ACTIVITY AND RESULTS



A creative customer-value company

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LaSer is a free-standing group in its development, underpinned by a sound and balanced shareholder base with ownership split equally between two powerful and complementary shareholders, BNP Paribas Personal Finance (BNP Paribas Group) and the Galeries Lafayette Group.

LaSer sets itself apart by its product packages which combine credit and marketing services, developing a complete range of solutions to manage and enhance its partners' customer portfolios, from prospecting and loyalty programmes to point-of-sale promotions. It offers individuals a full range of consumer credit (classic or revolving personal loans, debt consolidation, etc.).

In order to strengthen its broad offer approach, LaSer set up a new organisational structure during 2008 which came into effect on 1 July. This move illustrates the Group's desire to improve its response capability, meaning it will be able to accelerate its development. The Group's major objectives are to:

- create a European business line organisation structure;
- consolidate the major advantage arising from our ability to propose to our partners a complete offer including promotion, optimisation and enhancement of client relations ranging from store cards to data mining through loyalty programmes and point-of-sale technologies;
- develop a worldwide structure for its Marketing Services business lines;
- strengthen consumer credit supply, by direct distribution and through the brokerage channel, domains where LaSer was the precursor in terms of deployment in Europe;
- strengthen internal control bodies and enhance their autonomy in accordance with regulatory authorities rules.

The new organisation is based principally on two operational centres divided into "business units" each accounting for its own management and development:

- LaSer Marketing & Financial Services (LM & FS) which develops partnerships (BtoBtoC);
- LaSer Consumer Finance (LCF) which develops mass retail credit both directly and through brokers (BtoC).

# Key figures & CONSOLIDATED RESULTS

**2008 was a very unusual year during which the world faced a serious economic crisis. The upheaval impacted financial, stock market and banking activities, the real estate market, consumer confidence, unemployment, the automobile industry... bringing ever-increasingly worse news.**

## LaSer's activities in 2008

In 2008, LaSer suffered from this economic context and from the slowdown in consumer credit in the European market.

- Growth in turnover and outstanding credit, respectively 8.8% and 8.2%, was well below the rate of development that LaSer has experienced in its activity in previous years.
- Earnings were heavily impacted by the difficult market context which characterised 2008. Operating income was down 21.8% at 220.2 million euros compared to 2007, due to a sharp increase in outstanding payments (+47%).

- The reactivity of LaSer, which put in place specific measures to control costs and optimise operational and IT procedures, generated a significant reduction in general expenses. LaSer thus improved its general and commercial expenses margin coefficient by 2.8 points compared to 2007. Using banking accounting standards, LaSer Cofinoga, LaSer's credit subsidiary, reduced its operating ratio from 48.7% in 2007 to 45.8% in 2008.

In millions of euros	2004	2005	2006	2007	2008	Variation 2008/2007
<b>Turnover</b>	1,206	1,387	1,579	1,908	2,077	8.8%
<b>Gross outstanding credit managed at 31 December<sup>(1)</sup></b>	10,280	12,019	11,222	12,710	13,758	8.2%
Operating income before cost of risk	419.4	471.8	540.6	649.3	745.8	14.9%
<b>Current operating income On a like-for-like basis<sup>(4)</sup></b>	174.6	207.1	256.0	281.7	220.2	-21.8% -20.4%
Operating income	184.2	223.1	329.7	281.7	220.2	-21.8%
<b>Net income On a like-for-like basis<sup>(4)</sup></b>	128.7	180.0	231.6	193.2	135.9	-29.7% -24.3%
Net income Group share <sup>(2)</sup> On a like-for-like basis <sup>(4)</sup>	68.0	122.1	214.1	175.2	117.0	-33.2% -27.5%
<b>LaSer's consolidated equity assets<sup>(3)</sup></b>	854	1,795	1,898	1,955	1,887	-3.5%
<b>Workforce at 31 December<sup>(1)</sup></b>	5,671	7,039	7,474	9,053	10,123	1,070

(1) Taking into account 100% of the subsidiaries and their workforces and not the share held by the Group.

(2) Subsequent to Cetelem-Galeries Lafayette agreements introducing joint legal control of the LaSer Group as of 1 October 2005, LaSer Cofinoga's earnings were seized 100% by LaSer for the last quarter of 2005 and pro rata to its holding, namely 56% for the period from 1 January 2005 to 30 September 2005.

(3) Equity assets at 31 December, including minority interests (preferential shares and indefinite-term junior securities).

(4) On a like-for-like basis corresponds to the restatement taking into account the effects of scope, financial income on derivative transactions, gains on Fidexis and non-recurrent taxes.

Under the organisation set up in 2008, key figures (in terms of the share held by the Group and based on exchange rates at 31 December 2008) are:

In millions of euros	2007	2008	Variation 2008/2007
<b>Analytical turnover</b>			
LaSer Marketing & Financial Services	1,125	1,213	7.8%
Partnerships	79	88	10.7%
LaSer Consumer Finance	523	614	17.3%
<b>Production</b>			
LaSer Marketing & Financial Services	4,397	4,468	1.6%
Partnerships	710	709	-0.1%
LaSer Consumer Finance	1,800	1,782	-1.0%
<b>Average outstanding credit managed</b>			
LaSer Marketing & Financial Services	5,831	6,150	5.5%
Partnerships	607	652	7.4%
LaSer Consumer Finance	3,797	4,661	22.8%

NB:

Partnerships, in this case, are companies controlled jointly or consolidated according to the equity method: Banque du Groupe Casino, Banque Solfea, Assurtis, Agys, Sygma SNC. Partnerships are included within key figures according to the share held by LaSer.

Analytical turnover differs from statutory turnover due to different aggregates of the income statement being accounted for, principally a write back of provisions for loss of future margin.

**GROSS OUTSTANDING CREDIT MANAGED: 13,8 BILLION EUROS, +8.2% AND +10.0% RESTATED FOR THE SALE OF THE SUBSIDIARY IN BELGIUM**

Global production of 8.4 billion euros is stable compared to 2007 and up 1.2% restated for the sale of the Belgian subsidiary in July 2008.

In France, the consumer credit market in 2008 experienced a downturn in production particularly during the second half. Financial company revolving credit production, personal loans and capital goods financing is down by 3.3% on 2007 (source: ASF at end December 2008). The decline is steepest in personal loans which fell by 9.9%. In this context, LaSer Cofinoga's production in France is down by 2.5% compared to 2007.

Outstanding credit at end December 2008 excluding third party management stands at 13.4 billion euros, up by 8.7% on 2007, and by 9.9% on a constant exchange rate basis and restated for the sale of the Belgian subsidiary:

- 7.7 billion euros is handled by LM & FS on a partnership basis;
- 5 billion euros is managed by LCF, which proposes product packages both directly and through broker intermediaries to the mass retail market;
- the Portuguese subsidiary, currently in the process of being sold to BNP Paribas Personal Finance, represents 0.6 billion euros.

**TURNOVER: 2.1 BILLION EUROS, +8.8%**

On a comparable scope of consolidation and exchange rate basis, turnover rose 10.3% in 2008 compared to 2007.

Turnover increase in Credit (9.3%) is in line with growth in outstanding credit. Marketing Services activity generates 192 million euros statutory turnover. Positive growth of 4.5% compared to 2007 arises principally from the continued development of call centre services.

**CURRENT OPERATING INCOME: 220.2 MILLION EUROS, -21.8%**

Current operating income was characterised by the following trends:

- financial margins on average outstanding credit diminished from 11.6% in 2007 to 11.3% in 2008, with the downturn linked principally to the growing proportion of unremunerated outstanding credit and higher refinancing costs;
- a significant deterioration in the cost of risk: the risk rate for average outstanding credit rose to 3.5% against 2.6% in 2007, restated for the sale of the Belgian subsidiary. This trend impacted the entire LaSer consolidation boundary, but more particularly in Spain and Denmark. Activity in France recorded an increase in average outstanding credit of 10% and 35% in terms of risk whereas in the international zone, the progression was 16.2% and 69.6% respectively. In order to limit this decline, LaSer undertook corrective action in terms of operational organisation and strengthened governance and risk control;
- in this context, LaSer pursued the processes set up in 2007 to control general expenses, coupled with decisions aiming to optimise commercial expenses.

LaSer thus improved its general and commercial expenses margin analytic coefficient from 60.1% to 57.3%; almost 70% of this improvement through the reduction of commercial expenses.

This reactivity enabled operating income before cost of risk to progress by 14.9%.

This current operating income includes capital gains of 2.8 million euros realised on the sale of the Belgian subsidiary Fidexis to BNP Paribas Personal Finance.

**NET INCOME: 135.9 MILLION EUROS, -29.7%**

Net income restated for the effects of scope, financial earnings from traded derivative instruments, capital gains from the sale of Fidexis and exceptional taxes was down 27.5% compared to 2007.

**LaSer Marketing & Financial Services, partnership product (BtoBtoC)**

France	3,429.5	-1.6%	Production slowdown in the French market
French subsidiaries	2,074.9	+6.6%	Relatively sound progress from subsidiaries CDGP, joint subsidiary with Quelle, +14% and BGC, Banque du Groupe Casino, +10% compensating the slowdown at Solfea, joint subsidiary with Gaz de France, -4,5%
UK	883.6	+22.0%	Success of recent trade agreements
Netherlands	774.4	-0.1%	Difficult market context
Scandinavia	313.5	+25.5%	Success of trade agreements and direct acquisition launch
Poland	264.3	+61.4%	New operations involving revolving credit extensions and development of personal loans and credit cards
<b>Total LM &amp; FS</b>	<b>7,740.1</b>	<b>+5.4%</b>	

**LaSer Consumer Finance, offering credit directly and via brokers to the mass retail market (BtoC)**

France – Direct acquisition	2,537.2	5.1%	Lower total outstanding revolving credit compensated by development of debt consolidation loan products
France – Acquisition through brokers	1,787.0	+46.4%	Sustained growth in debt consolidation loan products over several years
Spain	424.4	+7.5%	Slower production in a market suffering a sharp increase in outstanding payments
Poland	293.4	+63.1%	Continued development of the broker channel and launch of commercialisation of debt consolidation loan products
<b>Total LCF</b>	<b>5,042.0</b>	<b>+19.8%</b>	

Outstanding credit at end 2008 in millions of euros, variation 2008/2007.

# Highlights 2008

## **RATIONALISATION OF THE INTERNATIONAL BUSINESS IN AGREEMENT WITH BNP PARIBAS PERSONAL FINANCE**

LaSer Cofinoga decided to divest to BNP Paribas Personal Finance the activities of Fidexis in Belgium and of Credifin in Portugal, and to acquire, through its Polish branch Sygma Bank, 100% of BNP Paribas Personal Finance Pologne.

The divestment of Fidexis was finalised on 15 July for Belgium, and the transactions in Portugal and Poland will take place once the conditional clauses have been satisfied (principally local regulatory authority approvals).

## **A PARTNERSHIP AGREEMENT WITH SYSTÈME U**

LaSer Cofinoga has signed an agreement to launch a co-branded card with Système U, a prestigious partner in the retail market, in terms of size, network and image.

This partnership clearly ties in with LaSer Cofinoga's co-branding strategy, directly to its expertise in the field of local retail mass marketing. This U co-branded card will be based on three fundamentals: facility of payment, loyalty rewarding (loyalty is remunerated) and advantages and services ("U-commerce" values).

## **A PARTNERSHIP AGREEMENT WITH GROUPAMA**

In order to complete its banking offer with debt consolidation loan products, Groupama Banque, a subsidiary of the Groupama mutual group, has chosen LaSer Cofinoga as a partner. This agreement strengthens LaSer Cofinoga's position in the bank-insurance sector. The Groupama agency network will manage the detection of financing requests, which will then be transmitted to Groupama Banque for registration, with the analysis and management of dossiers being handled by LaSer Cofinoga.

## **THE SIGNING OF NUMEROUS OTHER PARTNERSHIPS**

LaSer Cofinoga continued to develop partnerships with MacKays (a leader in the ready-to-wear sector), Markerstudy (an insurance company), Associated Independent Stores Buying Group and Ultralase (clinics) in the United Kingdom and Merlin (retailer) and YX Energi (oil company) in Denmark.

LaSer Contact has signed major new agreements with Autoroutes du Sud de la France and Voyages-sncf.com.

In France, LaSer Cofinoga's improved web positioning was materialised by the expansion of its partnership with PayPal, contracts with Voyages-sncf.com, Pixmania and PriceMinister, and a marketing agreement for a Cofinoga card for the private sale site 24h00.

Gaumont & Pathé mandated LaSer with the design, communication, operation and management of its loyalty card.

## **THE ACQUISITION OF 35% OF A BROKER IN SCANDINAVIA**

LaSer Cofinoga, already leader in Denmark with EkspresBank, continues its expansion in Northern Europe to become a significant player in the consumer credit market in Scandinavia – Denmark, Finland, Norway and Sweden.

The first achievement of this expansion strategy took place on 30 April 2008, with LaSer SA's acquisition of a minority 35% equity interest in Aconto Capital, Norway's leading consumer credit broker with a production of 131 million euros.

Similarly, EkspresBank opened a branch in Norway.

## **INTERNATIONAL EXPANSION OF MARKETING SERVICES**

To support the international expansion of its Marketing Services activities, LaSer has established subsidiaries in South Africa for 5one, in Spain for LaSer Loyalty and in Poland for LaSer Contact.

## **OWNERSHIP OF CDGP INCREASED FROM 50% TO 65%**

In October 2008, LaSer Cofinoga increased its equity interest in CDGP, Compagnie de Gestion et de Prêts, a joint subsidiary of the mail-order company Quelle, from 50% to 65%. Since its inception in 2003, ownership of CDGP was equally shared by Quelle France and LaSer Cofinoga. CDGP's outstanding credit at the end of December 2008 was 462 million euros.

## **ACQUISITION OF A 35% EQUITY INTEREST IN A PERSONAL SERVICES COMPANY, AXEO SERVICES**

Axeo Services is a personal services network (house-keeping, childcare, gardening, reception, security, DIY, etc.) that operates through a network of franchises and self-owned branches. The company employs eight people and has a turnover of 1.5 million euros. This acquisition falls within the framework of LaSer's strategy aimed at expanding its product offer to include personal services.

## **THE ACQUISITION OF KYRIELLES**

At 31 December 2008, LaSer acquired the company and brand Kyrielles from Galeries Lafayette and BHV. LaSer intends to further expand its prepaid card business line.

## **THE CREATION OF THE "LASER INITIATIVES SOLIDAIRES" FOUNDATION**

The launch of this foundation will reinforce LaSer's actions with regard to assisting financially vulnerable populations, increasing personal micro-credit arrangements with Cresus, Secours Catholique and Crédit municipal de Paris.

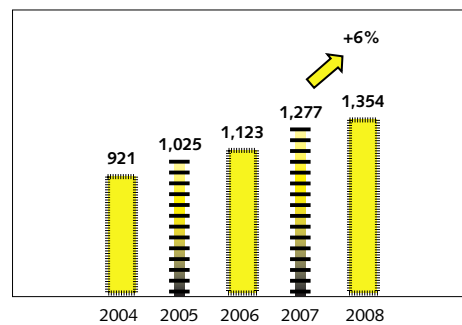
# Subsidiaries' ACTIVITIES

## 3.1 LaSer Cofinoga's activities and results in 2008

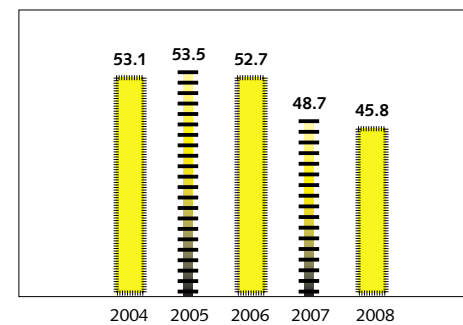
### LASER COFINOGA'S CONSOLIDATED INCOME

In millions of euros, results in banking standards

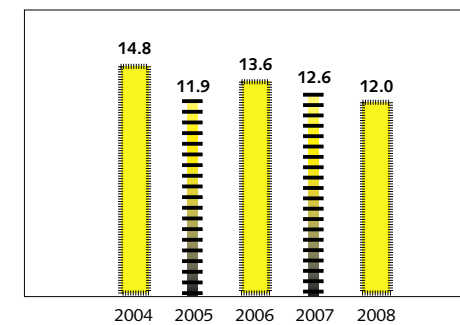
Net banking income



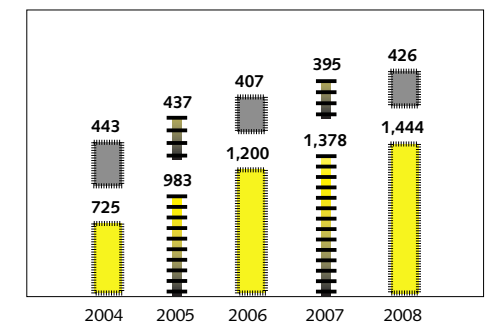
Operating ratio %



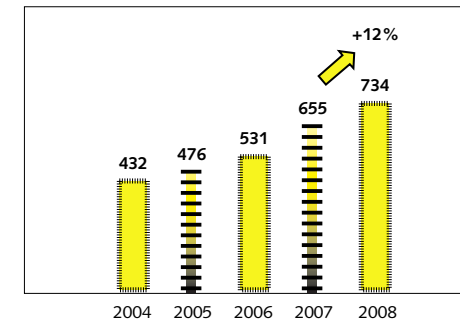
Solvency ratio %



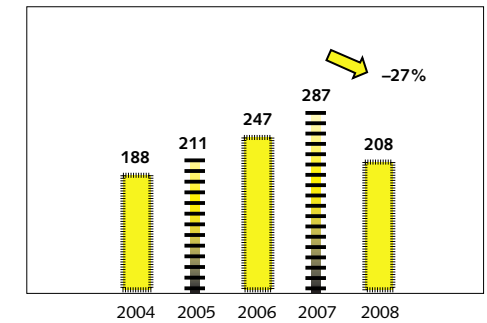
Subordinated debt Equity assets



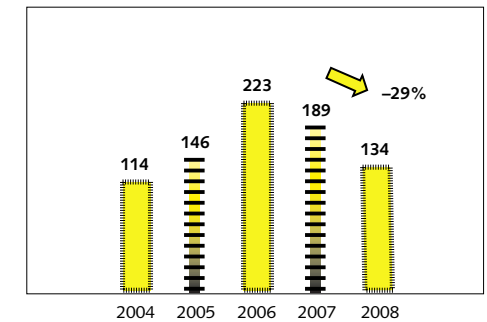
Gross EBIT



EBIT net of cost of risk



Net income Group share



### **Operating income: 208.3 million euros, –27.4%**

Net banking revenues rose 6% compared to 2007. On a like-for-like basis, this change equates to 8.4%; 4.1% in France and 17.6% abroad.

At the same time, operating charges decreased 0.5% as a result of savings plans implemented in 2007 and further reinforced in 2008. Thus, LaSer Cofinoga improved its operating ratio with 45.8% in 2008 compared to 48.7% in 2007. These efforts include the entire scope of business and have led to a decrease in the operating ratio on a like-for-like basis from 46.1% to 43.9% in France and from 53.6% to 48.6% abroad.

Consequently, the gross operating income of 734 million euros rose 12.1% between 2007 and 2008, thus an increase of 79 million euros.

However, the cost of risk pulled results down by 158 million euros, i.e. twice the increase recorded in gross operating income. The entire scope was affected by this decrease with the impact being slightly greater in Spain and Scandinavia.

### **Net income Group share: 134.0 million euros, –29.2%**

On a like-for-like basis, excluding changes in scope, gains or losses in fair value, gains on the divestiture of Fidexis and non-recurring taxes, net income Group share was down 23.2% compared to 2007.

#### **LASER COFINOGA'S ACTIVITIES**

### **LaSer Consumer Finance (LCF): mass-market credit offer**

LaSer Group's restructuring in two distinct operational lines in 2008 was implemented according to its customer recruitment channels. In this context, direct recruitment and broker network credit operations are overseen by the LaSer Consumer Finance division.

The LaSer Consumer Finance division is now present in France, Spain, Poland and Romania. The French domestic market remains dominant, not only in terms of market share and volumes handled, but also in terms of the contribution to income. International expansion is a major growth vector for the years to come. The year 2008 witnessed relatively good performance given the economic context observed in France and abroad.

Total outstanding credit for this division was 5.0 billion euros at the end of December 2008, which represents an increase of 19.8% compared to 2007.

#### **DIRECT RECRUITMENT CREDIT OPERATIONS – MÉDIATIS**

Médiatis ensures the distribution of a complete range of consumer credit offered directly to individuals or available through networks of financial intermediaries. The range of products marketed by Médiatis to its customers includes revolving personal loans, deferred debit or credit cards, traditional personal loans and personal loans for consolidation purposes.

In 2008 in France, the production of personal loans and revolving credit of specialised credit institutions fell 4.6%\*. Médiatis was no exception to slowed production with a decrease of 6.1%. Médiatis was able to maintain its dynamic and resist as best it could and ranks fourth among French financial companies.

Classic Personal Loans and Personal Revolving Credit performance differ greatly for Médiatis. Revolving credit production amounted to –11% compared to 2007 (–0.8%\* for the financial services market).

\* Source ASF – end of December 2008.

Médiatis however, recorded good performance on personal loans, up 1.3% compared to 2007 (market at –9.9%\*). For the Personal Loans business line, the debt consolidation loans in 2008 represented 60% of recruitments and 84% of production.

Overall, the year 2008 witnessed a time-out from commercial investments even though recruitment potential remains intact.

However, Médiatis' Web presence was reinforced in 2008 in terms of both the Médiatis brand and 1.2.3.Crédit's "KeLTO" offer. This media now represents a quarter of total annual production.

In terms of control and prevention of the risk of unpaids, Médiatis has implemented a number of actions such as a review of conditions governing the approval of consolidation loans and debt restructuring proposals for individuals in difficulty.

The activity of the Assurtis broker network, a subsidiary owned by Médiatis (45%) and April (55%), which sells, under that name, April Group insurance products and Médiatis brand credit products, remained strong in 2008 with production levels double those of 2007. At the end of 2008, the Assurtis network had 69 franchises in all regions of France (compared to 50 at the end of 2007). Médiatis' four self-owned branches also contributed to an increase in "face-to-face" production.

This year, "face-to-face" production (brokers and branches) represents 16% of Médiatis' overall production.

#### **CREDIT OPERATIONS WITH RECRUITMENT VIA A NETWORK OF BROKERS**

In the context of the loan consolidation market, the Group's network of brokers in France, represented by DCAC, continued to expand in 2008 with production up 15% compared to 2007 in a market where the production of debt consolidation loans fell 8.3%\*.

At the end of December 2008, outstanding secured debt consolidation loans represented 35% of the broker network total, thus 618 million euros compared to an insignificant portion in 2007.

In terms of production, the share of secured loans is almost 30% of total production.

Customer risk management has been reinforced at internal control procedures level and in terms of the

\* Source ASF – end of December 2008.

consolidated loan approval and management process.

The highlight in terms of this activity's structure was the setting up of an independent management unit mid-2008 in charge of all operations necessary to the activity's good performance. Thus, commercial operations were reinforced with the recruitment of six people. A finance and risk function now oversees the control and steering of the activity.

#### **SPAIN**

In 2008, the expansion of the Sygma Bank subsidiary, Banco Sygma Hispania, was paused in light of the particularly adverse economic conditions. Indeed, unemployment rose 47% in Spain this year. The real estate sector, which had been one of the main growth vectors in recent years, is in crisis, with consequences in all sectors of the economy.

BSH's policy since the fourth quarter of 2008 has been maximum risk control. Production is limited to renewals of existing customers. Depending on the recruitment channel, the recruitment of new customers was temporarily halted during the year 2008.

BSH's main objective of managing the risk of unpaids is reflected in particularly stringent measures across the entire subsidiary (ceilings and renewal authorisations limited) and the increased development of collection skills and techniques following a shift in the specialisation of its teams (at the end of 2008, 44% of employees were assigned to this activity). The year 2008 also saw major efforts to control management and marketing costs.

#### **POLAND – DIRECT AND BROKERAGE**

Given the reorganisation of LaSer Group in 2008 into two distinct operating units according to the credit operations customer recruitment channels, the activities of LaSer Poland have also been split into two separate operating units on this same basis.

The recruitment of customers through brokers and directly (currently limited to renewals of existing customers) are now managed within LCF Poland which also brings together the broker Dom Finsansowy QS (DFQS) with which LCF Poland generates most of its production. DFQS is a brokerage headquarters specialising in consumer credit that was acquired by LaSer in the second half of 2006.

In 2008, LCF Poland's credit production amounted to 185 million euros thanks to the sustained activity of DFQS, the latter providing 90% of this production, and the growth of the debt consolidation product. As for DFQS, it helped generate 192 million euros in total production among its partners (including LCF Poland). LCF Poland has worked to establish a dual strategy:

- for DFQS, diversified funding for its customers;
- for LCF Poland, the development of partnership agreements with other brokers or brokerage headquarters to diversify its recruitment.

Given the difficult context, the implementation of this strategy has been slowed.

#### **ROMANIA**

In 2008, LaSer Cofinoga decided to pursue its international expansion with the opening of a Sygma Bank branch in Bucharest early in the second half. At the end of 2008, due to interbank market uncertainties and tensions on the Romanian currency, the launch of credit production was delayed.

#### **LaSer Marketing & Financial Services (LM & FS): Credit Partner offer**

The LaSer Marketing & Financial Services division is dedicated to all activities developed for companies in France and abroad. It brings together financial services and marketing services, thus reinforcing the marketing of a comprehensive offer.

The entire division represents half of LaSer's total analytical contribution.

The financial services of this division correspond to the different financing solutions offered by the business partners to their customers. These operations are driven by LaSer Cofinoga. For 2008, the total outstanding credit of this division was 7.7 billion euros, up 5.4% compared to 2007.

The marketing services cover a wide range of expertise: customer loyalty, affinity solutions, distance customer relations, cards, point-of-sale solutions. These operations are driven by LaSer Loyalty.

#### **IN FRANCE:**

##### **ACTIVITY OF CRÉDIT FRANCE LM & FS**

In 2008, within the context of France's increasingly difficult credit market, the activity of Crédit France LM & FS pursued a strategy of expanding and diversifying its portfolio of partners.

Although a finalist in the La Banque Postale tender, LaSer was not chosen as a partner of the latter for consumer credit.

Two major agreements were signed however in 2008, both of which offer significant potential:

- a partnership agreement with Groupama Banque, a major player in France's banking and insurance market, for the marketing of personal debt consolidation loans made available to its portfolio of customers;
- a partnership agreement with Système U, a major retail group in France, for the launch of a co-branded bank-type card intended for the customers of the brand's 800 stores. This offer of co-branded card will not only offer payment methods in Système U stores and at all Visa-enabled points of sale and automatic tellers, it will also allow customers to enjoy advantages such as credit facilities, loyalty programs and non-financial services. This is a deferred payment card for which the customer may, via Internet, activate a credit payment option. The outlook in terms of business volume and new customers for Crédit France will of course depend on these two new partners, both major players in their respective markets.

The growth strategy of the e-commerce business line, already well initiated in 2007, continued throughout 2008. Thus, e-commerce sales rose by more than 90% compared to 2007, namely due to the signing of new partners that include [www.rueducommerce.com](http://www.rueducommerce.com), [Delamaison.fr](http://Delamaison.fr), [24h00](http://24h00), [Opodo](http://Opodo), and the development of [BHV.fr](http://BHV.fr) and [GL.fr](http://GL.fr). These partners are both business generators and recruiters of new card customers.

The presence of the Cofinoga brand as a means of payment with a growing number of merchant sites ([Voyages-sncf.com](http://Voyages-sncf.com), [PayPal](http://PayPal), [Pixmania](http://Pixmania), [PriceMinister](http://PriceMinister)...) also made a small contribution to 2008's increased business levels in the e-commerce sector.

At the end of 2008, the Cofinoga brand was present on 42 e-commerce merchant sites as either a payment method in conjunction with the opening of a card account offering the holder certain benefits, or solely as a payment method.

This sector continues to offer significant growth potential for 2009, with new, key objectives of

increasing the portfolio of partners and business by leveraging on acquired expertise and the new management processes established so as to better meet the needs of the specific players in this sector.

#### **FINANCIAL PARTNERSHIPS**

Banque du Groupe Casino, a jointly-owned subsidiary of the Casino Group

In the context of a complex macro-economic situation earlier in the year, followed by the major crisis in the second half of the year, 2008 was a year of contrasts for Banque du Groupe Casino.

Credit production rose 3.5% with a volume of 548 million euros. The bank's outstanding credit registered a significant increase of 10% to reach 1,070 million euros at the end of 2008.

2008 also saw the reinforcement of the partnership with Cdiscount which now accounts for 11% of total production. The 19 branches have become a strong growth vector for the bank, servicing its customers and partners. In parallel, the Internet channel has also continued to expand.

Subject to the constraints of a highly disrupted market, Banque du Groupe Casino reported a deterioration of its cost of risk (+53% vs 2007), namely in relation to the business of Cdiscount. Strong measures were taken immediately in order to contain this trend under the assumption that the currently adverse environment will continue for at least another eighteen months. 2008 was also a year of change with the major overhaul of the management team, including senior management. In parallel, the responsibilities of the various departments have been redefined in an effort to achieve greater efficiency.

For 2009, Banque du Groupe Casino plans to focus on operational efficiencies via an improved operating ratio and the control of its credit risk.

Compagnie de Gestion et de Prêts (CDGP), a jointly-owned subsidiary of Quelle SAS

In 2008, CDGP confirmed its growth and embarked on new paths of development.

In October, the distribution of capital was revised. LaSer Cofinoga now holds a 65% interest in CDGP, and Quelle SAS a 35% interest, resulting in a change of the mode of governance and the potential for syner-

gies. In addition, the streamlining of the legal organisational structure led to a merger of La Source SARL (the entity's insurance broker) by CDGP SA.

By leveraging on the Internet and new communications media, CDGP enhanced its customer communications by reinforcing e-mailing efforts, issuing e-statements and increasing its use of text messaging. In 2008, the Internet represented a growing share of personal revolving loan recruitments.

CDGP has also significantly added to its card offerings by joining the privileged network of e-commerce partners that includes Bijourama.com, Spartoo.com, Wanim.com, ExtraFilm and PriceMinister.

The product range was extended with the launch of a new bank card in November offering customers additional benefits such as cash back.

The Revolving Credit business line showed significant increases in excess of 10% despite a sluggish market. This helped compensate for the lack of business at purchase reserve level as a result of a difficult context for distance selling.

Business depreciable through the purchase of credit has undergone major changes in terms of credit approvals. At the end of 2008, CDGP's total outstanding credit was 462 million euros, up 14% compared to 2007. For 2009, CDGP's expansion will rely on the enhancement and optimisation of the development paths initiated in 2008. In addition, a new product will join the existing range with the launch of a mortgage debt consolidation product in March 2009.

Banque Solfea, a jointly-owned subsidiary of Gaz de France

In 2008, credit production amounted to 232 million euros, down 5%.

On the one hand, the traditional credit operations to finance the works of natural gas customers fell by 9%. Individual business decreased 21% due to poor new real estate performance but collectively, business grew by 52%. In total, Solfea financed more than 15,000 new "natural gas" customers.

On the other hand, credit operations for the renovation of existing gas facilities performed well (+12%) with customers having benefited from the advantageous rates offered by the bank in addition to the tax credits offered for the acquisition of clean, energy-efficient equipment.

Deployment operations in the "comfortable living" market, driven by installation partners, new prescribers or partners were quite successful with production up 45%, at 44 million euros.

Personal loan production reached 38.6 million euros, down 43%.

Total outstanding customer credit at the end of 2008 amounted to 542.9 million euros, down 4.5%.

#### **INTERNATIONAL: UNITED KINGDOM**

2008 was an important year for the development and transformation of LaSer UK.

Despite a difficult environment related to the drastic decline in consumption, particularly in stores where average spending is high, LaSer UK experienced continued outstanding credit growth with an increase of 22% to reach 884 million euros at the end of December 2008.

This growth is linked to the commercial success of LaSer UK which has strengthened its development teams and signed a record number of partnerships. Indeed, the LaSer UK brand has strengthened its position in both the retail sector and the loyalty sector with commercial agreements such as Flybe (airline), Ultralase (clinics) and DFS (furniture).

In parallel, and in order to better control customer relations and operating costs, LaSer UK has internalised the operational centre of its card product. The latter had been outsourced for the previous ten years. The creation of this new site in Solihull has resulted in significant structural changes that will allow LaSer UK to ensure the future development of its business activity with the enhancement of service quality, more effective collection of unpaids and more cost-effective cross-selling capacities.

The implementation of this new operational structure was overseen by the expertise of the LaSer Group. At the end of December 2008, LaSer UK employed over 550 people on two sites, Solihull and Belfast.

#### **SCANDINAVIA**

EkspresBank, 100%-owned subsidiary of LaSer since 2005, is Denmark's leading in-store and direct acquisition consumer credit provider with outstanding credit at the end December of 2008 in the amount of 313 million euros, up 25.5%.

In March, a partnership was signed with Cardif Assurance, a 100%-owned subsidiary of BNP Paribas, for the development of a credit insurance offering covering risks such as unemployment, illness or death.

In April, EkspresBank acquired, through its parent LaSer, a minority interest of 35% in the equity of Aconto Capital, Norway's leading consumer credit broker, thus launching its business activity in this country.

In October, the subsidiary launched its EkspresBank brand in replacement of HandelsFinans, thus materialising its intentions of becoming the business platform in Scandinavia. The launch campaign was a great success, attracting over 100,000 visitors to its website.

In November, EkspresBank launched Visa Extra, a co-branded Visa card, in collaboration with the oil company YX Energi. In addition to credit facilities, card holders benefit from discounts on the price of automobile accessories, fuel and car washes.

The brand's consolidation, the development of partnership agreements and the implementation of a Scandinavian platform will ensure EkspresBank continued growth in 2009.

#### **NETHERLANDS**

2008 was the year in which LaSer's Dutch entity underwent a change of name to become LaSer Nederland (LSN); the main brands, being Sygma, Directa and PrimeLine, are still in place.

However, 2008 was also a turning point with disappointing results in the context of a sluggish credit market.

Two new regulations issued by the authority governing LaSer Nederland operations (the AFM) have had an adverse impact on LaSer Nederland's business although the latter's outstanding credit levels remained stable at 774 million euros. The paradox is the evolution of risk in the European market in 2008; this more restrictive regulation that penalises

new credit approvals has resulted in a more stable situation in terms of unpaids across the entire sector, even at the end of 2008.

In 2008, LSN implemented a new structure with new leadership and the successful transfer of all business activity to the new global information system developed by LaSer, Lisa.

#### **LM & FS POLAND**

In 2008, the business activity of the LaSer Marketing & Financial Services division in Poland generated a total production of 345 million euros, up 47% compared to 2007.

This performance was mainly achieved through the establishment of new operations, the renewal of revolving credits and the development of personal loans and credit cards on the Polish market. In this context, we note in particular the reinforcement of the financial services and loyalty program partnership with Real, as well as new agreements with Selgros, Husqvarna and JYSK.

LM & FS Poland's outstanding credit at the end of December was 264 million euros, up 61% compared to 2007.

#### **Divestitures following the Alliance with BNP Paribas Personal Finance**

##### **CREDIFIN – PORTUGAL**

In 2008, Credifin's business activity was highlighted by an increase in outstanding credit of 6.8% with 635 million euros at the end of December and a decreased cost of risk. In return, the subsidiary has made significant efforts to control costs.

The partnership with the Sonae Group, leader of Portugal's retail sector, was reinforced with the development of new customer offers aimed at maintaining expected production levels.

The sale of the subsidiary to BNP Paribas Personal Finance will be finalised once the suspensive conditions of the agreement signed within the framework of the Alliance have been lifted. In the meantime, in 2008, Credifin launched all projects for the integration with BNP Paribas Personal Finance.

##### **FIDEXIS – BELGIUM**

The sale of the Belgian subsidiary to BNP Paribas Personal Finance took place on 15 July 2008.

## 3.2 Laser Loyalty activities in 2008

Integrated in the LaSer Marketing & Financial Services division since the establishment of the new structure, the Marketing Services business activity is overseen by LaSer Loyalty and its subsidiaries.

This activity represents a record analytical turnover of 210 million euros, up 4.4% compared to 2007. It covers a wide range of expertise:

- Loyalty, Affinity Services and Personal Services: programs, products, campaigns, gift cards, loyalty cards, etc.;
  - Distance Customer Relations in the LaSer Contact subsidiary;
  - Point-of-sale Solutions developed by LaSer Symag.
- In 2008, this business division's positive contribution to LaSer's operating income has been significantly increased.

### LOYALTY, AFFINITY SERVICES AND PERSONAL SERVICES

#### Loyalty

With regard to Loyalty business activity, aimed at the design-management-coordination of loyalty programs and relationship marketing consulting, 2008 saw the strong growth of the Loyalty Programs business activity (+21%), offset by the decrease in turnover resulting from the takeover of S'Miles communications by partner brands. Overall, turnover for 2008 was 24.2 million, down 11.7% compared to 2007.

The growth of Loyalty Program business activity is based on the development of existing accounts such as Orange and Sephora, and the expansion of new accounts which include Gaumont & Pathé, EVH, Nature & Découvertes, Orpi and Orchestra.

Prospecting was driven by a new relationship marketing consulting offer called "Loyalty Workshops" (CRM project support).

This broadening of the customer portfolio and the LaSer offer led to a reinforced market reputation which should increase potential for 2009, the latter having been threatened by a decrease in marketing budgets as customers face the uncertainties of the economic situation.

#### 5one

5one is a subsidiary of LaSer acquired in 2007 that generated a turnover of 7.2 million euros in 2008 in the field of customer marketing services, consulting services, data analysis and technology solutions. In 2008, 5one was very successful with regard to its key accounts.

One example is the significant business activity in relation to CRM programs developed by 5one for a major customer, British Petroleum, to be implemented on a European scale.

For Model Contiente (Sonae Group), in Portugal, for this first year of its new marketing program, 5one generated additional profits for this brand.

For Game, gaming leader in the United Kingdom, 5one provides marketing and commercial programs for the development of the company's loyalty card. Based on the performance of this partnership, Game represents European-level potential for 5one.

In order to develop its relationship with Woolworths and facilitate its expansion in South Africa, 5one has established a subsidiary in the latter country.

Despite a difficult economic environment, especially in the second half of 2008, 5one signed agreements with new customers such as Marionnaud in France and Spain, ICI Paris XL in Belgium and Matalan in the United Kingdom.

For 2009, the outlook for 5one is one of international expansion that will reinforce the reputation of its brand.

#### Affinity

Affinity business activity includes all products and services offered to customers and to be purchased or consumed by the latter with the following objectives:

- recruiting new customers in a logic of choice and freedom, renewing opportunities to visit, attracting customers with prepaid products;
- offering customers personalised service via recognition, upscaling, action plans, enhanced content;
- motivating the network of providers, partner brands and sales force through incentive programs;
- leveraging on the customer database with sales commissions on cross-sales of marketable products and services.

The range of Affinity offers include a range of insurance products, magazine subscriptions, gift cards and certificates, travel and leisure gift packs, premium cards. These products and services are offered to customers through a multi-channel approach: direct marketing, inclusion in statements, mailings, Internet, packs, card-inclusive offers, solo or bundled offers.

This business as a whole generated a turnover of 22.7 million euros for 2008, up 6.3% compared to 2007. The main business activities are as follows:

#### TRAVEL AND LEISURE GIFT PACKS

In 2008, LaSer reinforced its positioning strategy aimed at developing new products by expanding its range of gift packs. The activity has grown in terms of both own brand with IdéesKDO and distributor brands with the Émotions gift pack for Carrefour. A new range of packages will be developed in 2008, further enhancing the current customer offer.

Commercial activity in 2008 benefited from the widespread sale of gift packs via the Carrefour Voyages and Carrefour hypermarket networks, as well as via Intersport stores and tests conducted with Galeries Lafayette and Monoprix.

In addition to the traditional marketing media through stores, the sale of gift packs on the ideesKDO.com website will be a growth vector in 2009.

#### GIFT CARDS

With the acquisition of Kyrielles at the end of the year, LaSer posed a major stepping stone in its strategy of prepaid products in the leisure domain. LaSer thus acquires a nationally-known brand, a network of several member brands, up until now focused on Galeries Lafayette, BHV and Monoprix, a network of 4,000 works councils, a leadership team of 30 people, know-how of "stimulation" acquired with existing customers and a Kyrielles.com website.

Today, LaSer manufactures and manages mono-brand cards for the retail sector and markets cards such as "Roi Lion" and "Hôtel et Préférences".

To enhance the company's network, agreements have been signed with Louis Pion, Nature & Découvertes, Intersport and Hôtel et Préférences. These agreements will be materialised by a new Kyrielles card with an enhanced network in the first quarter of 2009.

## INSURANCE PRODUCTS

LaSer Assurances aims to meet the security needs of its partners' individual customers with a range that revolves around two underpinnings:

- personal protection (health and contingency);
- property protection (car, household, legal, financial losses, assistance, etc.).

LaSer Assurances is involved in product architecture, retailing, customer knowledge and contract management, and offers innovative guarantees and commercial and management processes.

Personal insurance was launched in 2008 with the signing of new partnerships with Quelle and AGF.

With regard to property insurance, 2008 saw the signing of new agreements with Banque du Groupe Casino, CDGP, Orpi and Médiatis.

Also, in 2008, Affinity was positioned in a new trade, third-party management. Affinity therefore handles claims relating to the insurance contracts of the co-branded SNCF-La Banque Postale card.

## PRESS SUBSCRIPTIONS

The mission of the Press Subscription activity is to offer our partners' customers a complete range of magazines at discounted prices. Affinity is involved in retail, customer knowledge and contract management, particularly with regard to publishing houses, and offers an extensive range of subscriptions, with no time limit, with an additional 14 magazines joining the ranks this year for a total of 260 which covers more than 95% of readership.

The Press Subscription activity in 2008 witnessed the generalisation of sales made through incoming calls by customer service agents of the management plat-

form and those of Quelle which contributed to the increased number of new contracts. A website, abonnement-libre.com, was launched mid-2008 to reach new customers.

## PREMIUM CARDS

LaSer manages in the vicinity of 50,000 statutory cards for Galeries Lafayette and BHV. These cards, particularly the Lafayette Prestige card, allow the best department store customers to access privileged communications and gain recognition of their status via a magazine and special in-store offers and travel and leisure offers.

## Personal Services

In 2008, LaSer prepared the launch of an innovative, new personal services business activity. LaSer will offer its partners a complete, turnkey intermediation activity that in turn, will allow them to offer their end customers original and advantageous services that will make their day-to-day life easier. Personal services, a rapidly-growing sector, allow brands to meet a number of objectives (strengthen relationships, generate loyalty, brand differentiation, increased customer knowledge and recognition, etc.) and enhance their brand's value.

Based on its know-how (multi-channel customer relations, relation marketing, a data analysis, collection, invoicing, etc.) and its experience of several years in this sector, LaSer has established a network of providers and a leadership and control system enabling it to offer its partners a wide variety of services across the country.

In particular, LaSer has decided to acquire an equity interest in the financial company Axeo. The latter, created by a team of service professionals, provides individuals with housekeeping, gardening, DIY and childcare services and has diversified its offer to

include a comprehensive range of services. Building on the success of its own branches, the Axeo network has expanded to include franchises for a total of 70 branches late 2008 and is growing strongly. Axeo has proven expertise and quality processes that allow LaSer and its partners to test and implement, on the field, innovative offers in terms of services, marketing and sales methods.

## DISTANCE CUSTOMER RELATIONS

In the context of a sharp slowdown in the market compared to previous years, LaSer Contact, which developed this business activity, nonetheless continued to register significant growth in turnover of 11.8%, to reach 90.9 million euros.

This performance was achieved namely through a commercial momentum characterised by:

- the maintenance of its entire customer portfolio throughout the year;
- the expansion of major accounts such as EDF and Orange;
- the signing of new major agreements with Autoroutes du Sud de la France, Voyages-sncf.com. Thus, since May 2008, LaSer Contact has handled incoming and outgoing subscriber and prospective customer calls for Autoroutes du Sud de la France, as well as the management of after sales queries for train products and the "Hotline Train" of Voyages-sncf.com.;
- continued offshore development.

Simultaneously, LaSer Contact has made efforts to control structural costs. Investments made in 2008 focused on increasing production capacity with the expansion of the Bordeaux and Poitiers sites, and a strengthening of technical resources and information systems (application base, tool for outgoing calls, network security).

LaSer Contact priority lines are commercial development, strengthening and enhancing performance and continued innovative actions.

In the outlook for 2009, as part of this strategy, LaSer Contact will strengthen its dedicated teams and resources and launch a commercial business activity

in a second European country: Poland. To establish its competitive position as a responsible business, the important issues for 2009 will be the renewal of the Swiss Social Responsibility label and the award of the NF (French norms) standard.

## POINT-OF-SALE SERVICES

2008 was highlighted by the impact of strategic decisions made in September 2007, the good commercial performance registered in the second half of 2007 and the sluggishness of the economy.

The overall performance of LaSer Symag, which developed this activity and whose turnover of 64 million euros is up 0.5%, must be qualified in relation to its activities:

- on-site service activities, up 30% (Shopi deployments, Monoprix, etc.);
- turnover generated by the sale of licences stabilised after 2007's strong performance. A high level of investment in the future unified transactional platform solution, backs intentions to guide the company toward the offer of a transversal and integrated software;
- the projects activity was adversely affected by the economic situation and the delay of major investment decisions;
- a very sharp slowdown in the sale of equipment, down 2.3 million euros or 10%, due to the economic situation and the Châtel law.

The implementation of the Envergure project, aimed at optimising the model for on-site and distance service trades was materialised by a reduction of fixed costs, offset by the use of subcontracting and the pooling of on-site technicians.

The Equimag trade show was a success and featured the first modules of the future transaction platform, confirming the innovative and transversal positioning of LaSer Symag on the retail solutions market.

### 3.3 Other LaSer activities



LaSer is a shareholder and service provider of GIE S'Miles whose members are Galeries Lafayette Group, the Casino Group, SNCF and Caisse d'Épargne. GIE S'Miles develops and federates the loyalty programs of these Groups' brands. The S'Miles Alliance is made up of nine base brands: SNCF, Caisse d'Épargne, Galeries Lafayette stores, BHV, Monoprix, Géant Casino supermarkets, Casino supermarkets and cafeterias, Cofinoga network brands and Shell service stations. The marketing and communications strategy implemented in 2008, aimed at promoting the Alliance's brands and materialised by a number of "circulation" marketing operations, was the main contributing factor to the 11% increase in the number of active, multi-brand customers. Customers also

took greater advantage of the Alliance to exchange their S'Miles; the success of SNCF's train ticket bonus in 2008 is just one example.

The dynamics of this Alliance were reinforced with the number of customer transactions almost double that of the previous year.

In the second quarter of 2008, S'Miles was present as part of a multimedia campaign including television and Internet, which was backed by the brands at points of sale and in customer communications. The website, [www.smiles.fr](http://www.smiles.fr), overhauled in 2007 in a more pedagogical spirit, continued to act as a portal for the partner brands and their respective websites. LaSer developed a search application based on Google Maps' technology for GIE that allows users to find nearby points of sale offering S'Miles using an address.

The hosting, operation and maintenance of the Alliance's information system are overseen by LaSer. In 2008, an audit of the system confirmed a satisfactory level of service.

This dynamic, recognised as a source of value by the brands, and the development of customer traffic will remain priorities for the Alliance in 2009.



In 2008, the action of GIE Recherche Haussmann once again revolved around two main lines: participation in the innovation process of LaSer Group and the development of works undertaken on the theme of modernity having led to the creation of the Fondation Forum Action Modernités.

GIE Recherche Haussmann continued to lead this technological watch which involves a monthly committee, newsletters, Club e<sup>2</sup> sessions on innovation-related topics and Web 2.0 discussions. For the second consecutive year, within the framework of a three-year master agreement (2007-2008-2009), LaSer has mandated GIE Recherche Haussmann with the steering of internal actions within the scope of the various action programs of the FING (Fondation Internet Nouvelle Génération): programs such as "Villes 2.0", "Identités actives", "Plus longue la vie". Moreover, GIE Recherche Haussmann maintained its relations with various research environments (competitiveness divisions, Anvie, innovation players, etc.) and continued its actions within LaSer in the aim of encouraging projects eligible for the CIR (research tax credit).

Finally, the SAGL mandated GIE Recherche Haussmann with research efforts for the creation of the heritage and historical archives of Galeries Lafayette in the aim of exploiting the Group's heritage.

The "Modernité" program initiated in 2002 continued during 2008, namely with two "Modernité On/Off" debates at Rond-Point theatre, ongoing meetings for the three thematic working groups (Technology, Economy, Society) and the launch of a third theme focusing on Alliances of players from different worlds for the renewal of action concepts (entrepreneurship action and social and responsible actions). The Forum d'Action Modernités earned the status of foundation under the aegis of the Fondation de France to access a greater number of players and other partners.

## ECHANGEUR

2008 was highlighted by sustained business activity and the restructuring of content. 461 events were organised for almost 14,000 visitors (including LaSer). The first four customer sectors, in order of importance, were: banking and insurance, consulting, retail and specialised distribution, communications/media. As in 2007, customers of the Echangeur were from all business sectors.

Following the prospecting work undertaken for the Echangeur's 10<sup>th</sup> anniversary, as well as the analyses made early 2008, emphasis has been placed on the necessity of adapting the Echangeur's position so that it remains a point of reference in terms of technological and marketing innovation. Thus, four priority action areas have therefore been defined for 2008: web 2.0 and its various developments in both the company and society in general; users' desire to be constantly connected and the service opportunities that this opens up; new intuitive and immersive man/machine interfaces (real-time 3D, virtual reality, etc.); green technologies and the new activities that surround such developments. To achieve this, the various marketing and communications tools already in place (Club e<sup>2</sup>, Echangeur newsletter, website) have been revised and reinforced. A new Web 2.0 website has been launched.

Synergies with LaSer were reinforced during the year with an increase in LaSer's use of the Echangeur, tightened commercial coordination, the reinforcement of the watch committee and, finally, the set up of a LaSer showroom. Since December 2008, the Echangeur provides the monthly content for a chronicle on technological innovation and trade marketing and e-commerce known as "Echangeur Part of LaSer" in the magazine LSA.

For the Echangeur network, 2008 also gave rise to a three-year plan for the formation of 15 Echangeurs in 2011 and a strong presence at the Assises du Numérique (digital technologies conference) organised by the French Secretary of State for Digital Economy. Finally, the Echangeur PME, the Echangeur's seventh platform which opened its doors early 2008, welcomed 4,468 visitors, of which 58% were very small, small or mid-size businesses and merchants.

# Human RESOURCES

LaSer's total headcount, including 100%-owned subsidiaries, was 10,123 at the end of December 2008, compared to 9,053 at the end of December 2007. This is mainly the result of increased marketing services activity, the development of credit operations in Poland and the re-internalisation of customer service activity by LaSer UK. In other sectors of the business (Crédit France and Corporate), the trend is towards stability, and is even in a decline due to the difficult economic situation.

For LaSer employees, 2008 will forever be remembered for two major corporate events:

- LaSer Cofinoga's 40<sup>th</sup> anniversary and LaSer's 10<sup>th</sup> anniversary were both important communications opportunities for employees with regard to their place in the company, the company's strategy and the means by which the latter is to be achieved. The option upheld, which consisted of making employees players in their own right on the occasion of these anniversaries, received a warm welcome that was, in particular, reflected in their participation in the competition aimed at presenting LaSer in the future. Also encouraged was the use of collaborative Internet tools illustrating new technologies in the field of in-house communications;
- the restructuring of the company, implemented mid-2008, also gave rise to a vast communications campaign intended to promote understanding of its objectives and the practical consequences for its employees. This restructuring went hand in hand with the overhaul of the main internal governance bodies (suppression of the Executive Committee), the development of the Strategic Committee and thematic committees (risk, IT, HR, etc). A "G70" bringing together the main senior managers was created so as to involve them in the development

and deployment of the company's strategic main lines.

The preoccupation of adequate human resources as well as the degree of employee motivation and commitment was further emphasised in the midst of the economic situation at the time.

In this context, we note that the continuation of the potential management program, "LaSer Demain", and the creation of a think tank on the topic of vulnerable trades offer potential in terms of resources and partnerships with major specialised schools and universities.

In order to broaden the horizons of both employees and the company, mobility policies were also established with the Galeries Lafayette et BNP Paribas Groups.

Professional training was also sustained, namely in relation to the new tools deployed (CRM, digitalisation project) and the development of new partnerships (Système U).

Indeed, two major events appeared on LaSer's corporate agenda:

- on the one hand, the overhaul of health and contingency contracts and their harmonisation at Group level;
- on the other hand, within the scope of LaSer Cofinoga, the signing of a new employee profit sharing agreement combining incentive-based and mandatory schemes.

Finally, with regard to tools and efficiency, we note both the emphasis placed on the deployment, at Group level, of a working time management system linked to payroll operations and the entire HR information system (CHRONOS) and the quality and reliability of the payroll system.

## Outlook for 2009

Given the uncertainties related to the evolution of the economic situation, purchasing power and the social and financial consequences of the current crises, 2009 will continue to be a year during which reactivity and commitment, both of which are represented by LaSer, will continue to be crucial elements. LaSer will continue to develop its strategy of a global offer, financial and marketing services, geared toward retail and players who wish to reinforce their portfolio of active customers.

Beyond that, given the current economic context, the improvement of approval and collection processes across all entities will be favoured so as to rapidly stabilise the risk of unpaids after the strong growth recorded this past year. This improvement will go hand in hand with continued efforts to control costs and a more stringent policy governing the tariffs of business activities, which is possible in light of current credit distribution conditions.

Furthermore, in this context, LaSer will continue to be attentive to regulatory changes and will be actively involved in ongoing discussion on consumer credit regulations in particular.

## 6.1 Consolidated balance sheet at 31 December 2008

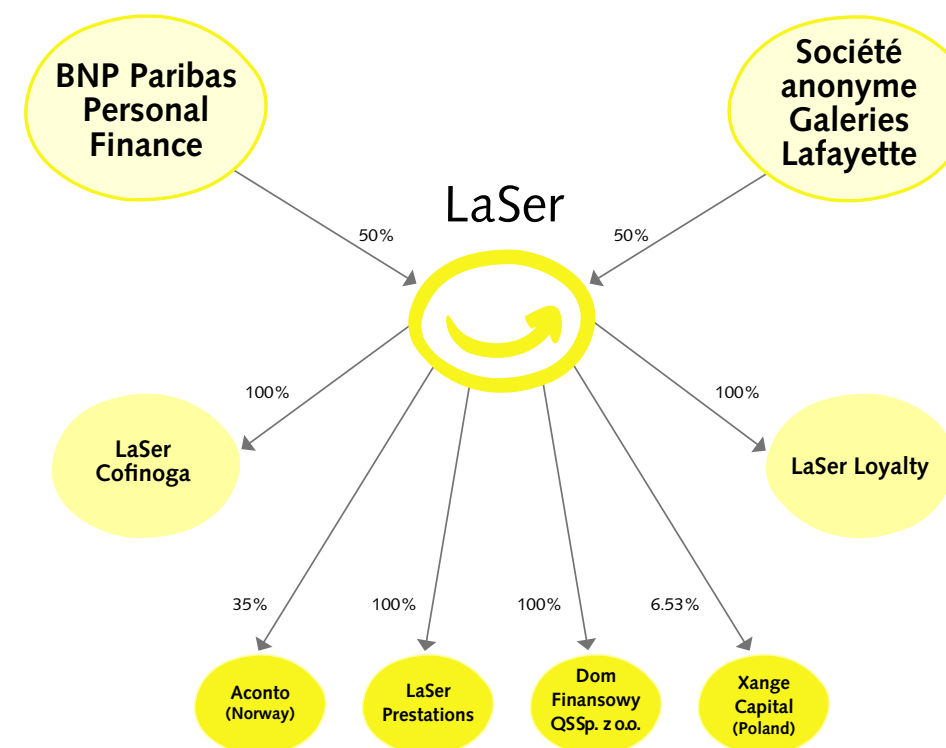
In thousands of euros	31/12/2008	31/12/2007
<b>ASSETS</b>		
Goodwill	1,089,356	1,100,941
Intangible assets	119,487	116,176
Tangible assets	76,893	78,824
Equity method investments	5,446	
Financial assets available for sale	21,364	19,780
Non-trade receivables > 1 year	10,000	10,000
Deferred tax assets	106,202	97,032
Other financial assets (non-current)	10,514	12,229
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,439,262</b>	<b>1,434,982</b>
Stock and work-in-progress	10,026	10,691
Accounts receivable and associated items	72,140	69,659
Customer credit	11,974,554	11,066,914
Current tax assets	8,603	11,172
Other accounts receivable	125,229	141,644
Other current financial assets	1,316	1,426
Current asset derivatives	76,327	104,310
Cash and cash equivalents	93,180	121,471
<b>TOTAL CURRENT ASSETS</b>	<b>12,361,375</b>	<b>11,527,287</b>
<b>TOTAL ASSETS</b>	<b>13,800,637</b>	<b>12,962,269</b>

In thousands of euros	31/12/2008	31/12/2007
<b>LIABILITIES</b>		
Capital	142,056	142,056
Reserves linked to capital	825,245	942,121
Consolidated reserves	500,546	393,614
Profit or loss for the financial year – Group share	117,033	175,156
<b>Equity assets – Group share</b>	<b>1,584,880</b>	<b>1,652,947</b>
Minority interests	302,006	301,828
<b>SHAREHOLDERS' EQUITY</b>	<b>1,886,886</b>	<b>1,954,775</b>
Provision for retirement and other pensions	13,767	13,070
Provision for non-current charges	15,646	19,868
Loans and similar debts > 1 year	402,616	308,527
Deferred tax credit	554	1,090
Other liabilities (non-current)	8,122	8,019
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>440,705</b>	<b>350,574</b>
Provision for risks and charges	10,105	12,864
Loans and similar debts < 1 year	90,789	33,859
Accounts payable	96,776	98,048
Customer credit refinancing	10,773,279	10,152,218
Current tax liabilities	5,350	25,051
Other debts	331,001	321,942
Current liability derivatives	165,746	12,938
<b>TOTAL CURRENT LIABILITIES</b>	<b>11,473,046</b>	<b>10,656,920</b>
<b>TOTAL LIABILITIES</b>	<b>13,800,637</b>	<b>12,962,269</b>

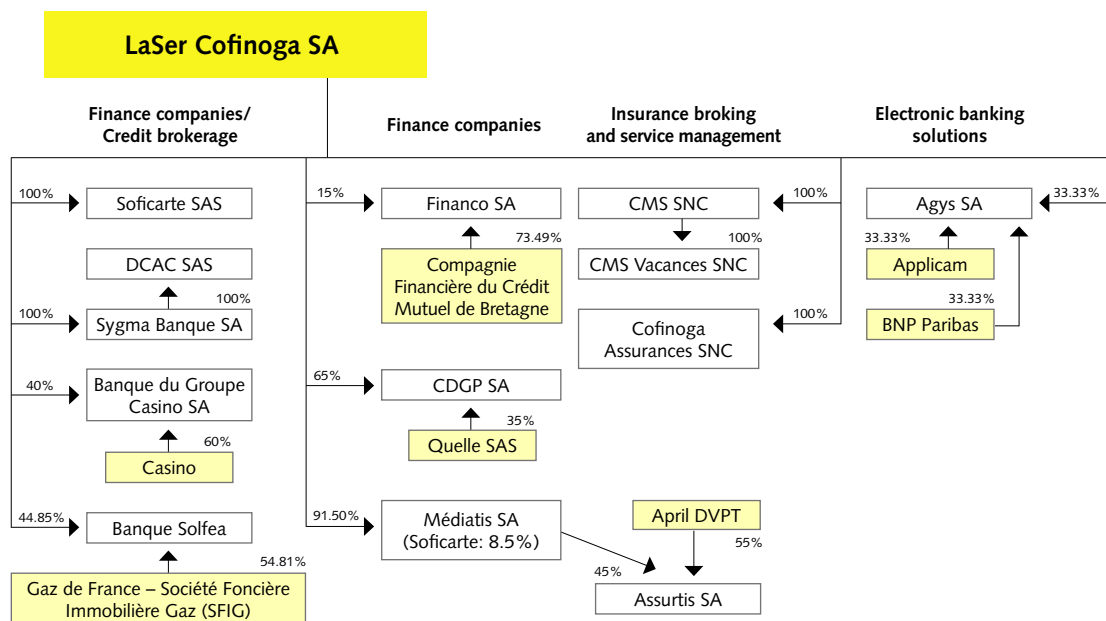
## 6.2 Consolidated income statement at 31 December 2008

In thousands of euros	31/12/2008	31/12/2007
Sale of retail goods	28,336	32,129
Production sold	206,181	187,077
Revenue from credit operations	1,842,135	1,688,628
<b>TURNOVER</b>	<b>2,076,652</b>	<b>1,907,834</b>
Other revenue from operations	476	405
Cost of goods sold	(21,006)	(26,135)
Cost of financing credit operations	(479,848)	(409,938)
Payroll expenses	(347,050)	(325,130)
External charges	(394,922)	(425,188)
Taxes and duties	(38,466)	(32,279)
Depreciation	(40,957)	(32,703)
Provisions	(12,839)	(7,688)
Net expense for credit activity client risk	(378,789)	(257,397)
Provision for loss of future margin	(146,771)	(110,209)
Other operating revenue and costs	3,711	135
<b>CURRENT OPERATING INCOME</b>	<b>220,191</b>	<b>281,707</b>
Other operating revenue and costs		
<b>OPERATING INCOME</b>	<b>220,191</b>	<b>281,707</b>
Cost of financial debt	(16,093)	(10,576)
Other financial revenue and costs	(9,219)	3,973
<b>NET FINANCIAL INCOME (EXPENSE)</b>	<b>(25,312)</b>	<b>(6,603)</b>
<b>PROFIT BEFORE TAX AND NON-RECURRENT ITEMS</b>	<b>194,879</b>	<b>275,104</b>
Income tax expenses	(58,879)	(81,904)
Share of companies according to the equity method	(115)	
<b>NET INCOME (a)</b>	<b>135,885</b>	<b>193,200</b>
Of which minority interests (b)	18,852	18,044
<b>NET INCOME – GROUP SHARE (a – b)</b>	<b>117,033</b>	<b>175,156</b>
Net earnings per share (in euros)	12.56	18.80

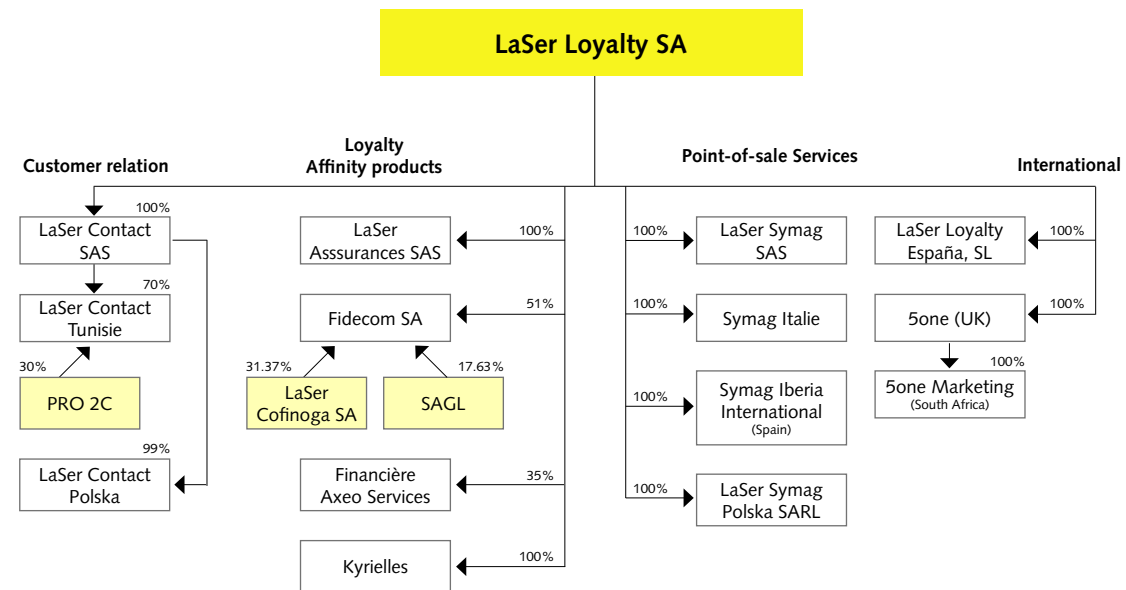
## 7 Simplified legal organisation chart at 31 December 2008



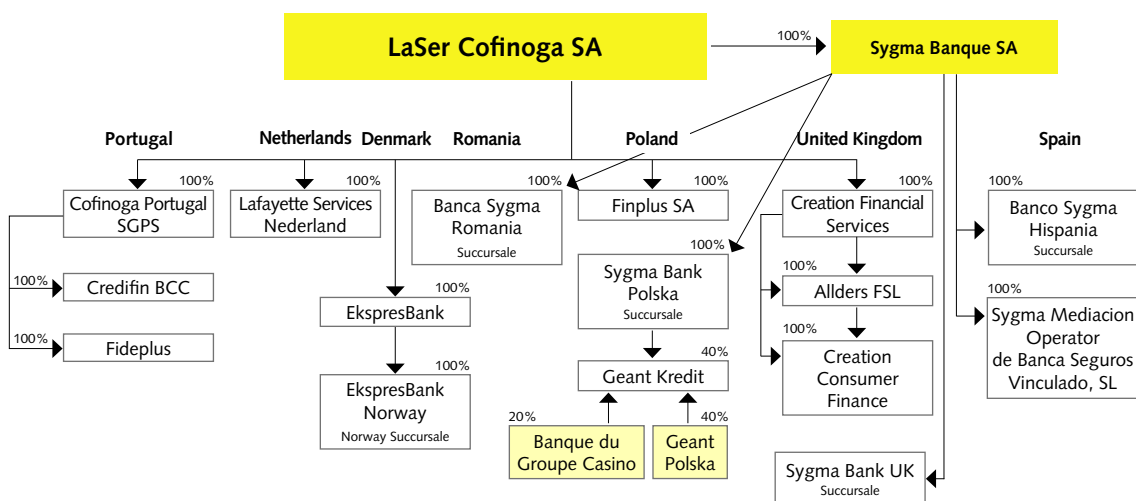
## LaSer Cofinoga France



## LaSer Loyalty



## LaSer Cofinoga International



The full versions of LaSer and LaSer Cofinoga management and financial reports are available on the [www.lasergroup.eu](http://www.lasergroup.eu) website.